



CDF Prop 40 Update

California Department of Forestry and Fire Protection



Update Letter # 2

CONTACT: Jeff Stephens
916-653-2380

Jeff.Stephens@fire.ca.gov

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This is the second edition of the CDF Prop 40 Update letter for the Proposition 40 Fuels Reduction Program. The intended audience for the Update includes CDF staff and our CDF cooperators that participate in the program. Update letters will be sent out periodically as information about the program develops. The update letter will provide information on the policy, procedure and requirements for the Prop 40 program, and any other newsworthy items. The update letters will also be placed on the website:

http://www.fire.ca.gov/php/rsrc-mgt_prop40.php.

Prop 40 Procedures Guide for Community Assistance Grants Update:

CDF has posted a second edition of the Procedural Guide for Community Assistance Grant Fuel Reduction Projects dated October 2006. It may be accessed at http://www.fire.ca.gov/php/rsrc-mgt_prop40.php. Notable changes include a new ruling regarding prevailing wages by the California Department of Industrial Relations (DIR). DIR has determined that Prop 40 Community Assistance Grant (CAG) fuel reduction projects are not public works, and not subject to payment of prevailing wages. There are also new procedures for the filing of Prop 40 CAG applications for the 2006/07 fiscal year, and provisions for requesting advance payment. Refer to the revised guide for detailed information. NOTE: The first posting of the October Guide contained an error in regards to extensions for agreements. A second posting has occurred and the error corrected as explained below.

Project Extensions:

The October 2006 edition of the Procedural Guide for Community Assistance Grants contained an error regarding extensions for agreements. The allowance for extending agreements for up to 12 months is not correct. CDF may not extend an agreement beyond April 15 of the last eligible fiscal year of an agreement because of the manner by which funding cycles operate with the State. The following information is provided in order to assist Prop 40 Grantees with understanding this limitation.

CDF has until June 30th of each fiscal year to encumber money for a project. By “encumber” this means to obligate the money under an agreement or contract, such as a Community Assistance Grant to a nonprofit organization. After June 30th of the funding year there is an additional 2 years that CDF may spend money. Therefore, agreements must be written with an expiration date within this 2 year period. In addition CDF requires time to close out completed projects and process the final invoice before the funds revert back to the State on June 30th. April 15 is the latest date CDF may extend an agreement due to these limitations.

Prop 40 Community Assistance Grants that were approved during the first year of the Program (fiscal year 2004/05) were assigned an expiration date of December 31, 2006. The net result of this situation is that these

first year agreements may not be extended beyond April 15, 2007. They have reached the limitation of 2 years to expend funds minus time to close the agreement and pay final invoices. The following text has been placed in the October 2006 edition of the Procedural Guide. It includes language for projects that were approved in fiscal year 2005-06 and future years:

Project Term and Extensions:

The term of a grant and the possibility for extensions depends on the year it was funded. This is due to limitations imposed by the State on CDF in regards to when Prop 40 funds revert back to the State, and processing time required by CDF accounting to pay all final invoices prior to the funds becoming unavailable. The following limitations apply:

Grants funded in the 2004/05 Fiscal Year (Program Year 1): Grants funded in Program year 1 terminate December 31, 2006. These grants may be extended to no later than April 15, 2007.

Grants funded in the 2005/06 Fiscal Year (Program Year 2): Grants funded in Program year 2 terminate December 31, 2007. These grants may be extended to no later than April 15, 2008.

Grants funded in Fiscal Years 2006/07 (Program Year 3), 2007/08 (Program Year 4), and 2008/09 (Program Year 5): Projects funded during these three fiscal years are not eligible for extensions. In lieu of extensions CDF will fund these projects for the maximum time allowed prior to funds reverting back to the State. The Grantee at their option may choose a shorter term. The maximum terms are per the following schedule:

For 2006/07 the maximum term is April 15, 2009.

For 2007/08 the maximum term is April 15, 2010.

For 2008/09 the maximum term is April 15, 2011.

California Forest Improvement Program (CFIP):

The Attorney General's Office has provided a revised decision regarding CDF's ability to use Prop 40 funding to contract directly with private landowners. The determination is that the original Proposition 40 Act language was specific to nonprofit organizations qualifying as 501(c) (3) within the Internal Revenue Code and other government entities. This eliminated CDF's ability to contract with private landowners using CFIP. CDF is working on methods for servicing the needs of individual landowners that will be in compliance with the Attorney General's determination. An announcement will be made as soon as the procedures are in place.